

Financing Energy Project Development in Africa

Experts agree that sustainable economic growth throughout Africa depends on the infrastructural development and distribution of clean energy

FOR IMMEDIATE RELEASE

Johannesburg, December 6 2022; Raising capital for energy projects and building sustainable pipelines is complex in a market that is challenged by demand for fossil fuels, while simultaneously trying to satisfy carbon-neutral policies and commitments. Data shows that despite Africa's sizeable population, it only attracts [sub-5 %](#) of global energy investment.

Undoubtedly, Africa is abundant in opportunities and resources, but many of the continent's countries have yet to unlock barriers to trade and prove themselves to be reliable global partners. The countries that stand to benefit from energy project development and attract meaningful investments are those with governments that seek to lower risks through pricing reforms, transparent tendering systems, strong anti-corruption law enforcement, and the development of skilled labour.

TELEPHONE
+27 11 463 9184

PHYSICAL ADDRESS
268 Bryanston Drive,
Bryanston, 2194

POSTAL ADDRESS
PO Box 3738,
Cramerview,
Johannesburg,
South Africa, 2060

EMAIL
info@energyindaba.co.za
WEBSITE
www.energyindaba.co.za



Photo by [Sergey Pesterev](#) on [Unsplash](#)

Green energy development attracts the biggest backing

Experts agree that sustainable economic growth throughout Africa depends on the infrastructural development and distribution of clean energy. This means:

- A move from fossil fuel sources to renewables
- Decentralisation of energy generation, transmission and distribution
- The integration of digital technology to support and speed up transition

To make this shift possible and enable meaningful socio-economic reform, the continent will need more than double the current energy investment by 2030. In real terms, this requires a minimum investment of roughly [\\$1 billion](#) per year.

Between 2016 and 2020, the private sector contributed to 60% of all energy investment in Africa. Public sector enterprises also play an important role, although, in recent years, many public utility companies have been plagued by a high level of debt, requiring capital injections from public finance institutions. It is likely that public entities will become more valuable as co-investors by helping to lower the perceived risks of financing novel projects. This, in turn, will serve to attract more significant private sector support.

Africa's clean energy success hinges on the implementation of a well-integrated financial framework aimed at accelerating green energy projects. Each country has its own unique requirements contextualised by its existing energy supply environment. This makes a one-size-fits-all approach unproductive when it comes to financing solutions. Naturally, investors will also require cooperation from policymakers as well as the governance structures necessary to support the implementation and roll-out of purpose-built financial solutions.

Where to look for energy project investment?

Depending on the project, its size and purpose, there is an abundance of funding options available. Below, we list a few of the notable organisations that are helping to power Africa's renewable energy development projects.

African Renewable Energy Fund (AREF)

Investing in small hydro, wind, geothermal, solar, stranded gas and biomass projects throughout Sub-Saharan Africa, the [AREF](#) aims to invest in up to 12 renewable energy projects. It is a closed-end private



equity fund keen to support medium-sized projects at all development stages that aim to produce an energy output between 5 and 50 MW.

Energy and Environment Partnership Trust Fund (EEP Africa)

Hosted and managed by the Nordic Development Fund (NDF), the [EEP](#) is aligned with the targets set by the Paris Agreement on climate change and sustainable development.

Present in 15 countries throughout southern and east Africa, the EEP provides not only early-stage grant and catalytic financing but also technical support and knowledge enrichment.

Sustainable Energy Fund for Africa (SEFA)

Established in 2011, [SEFA](#) is a multi-donor facility backed by leading global economies such as the United Kingdom, Denmark and the United States. The fund helps to unlock private investments for small to medium-scale sustainable energy projects in cooperation with the Africa Hub.

Africa finds itself in a unique position where energy supply is concerned. Keen to industrialise and plug into the global digital supply chain, its leaders recognise that sustainable renewable energy development will play a pivotal role in how the continent meets its ambitious goals and supports the demands of a relatively young demographic. While large-scale infrastructural projects are necessary to facilitate this development, investors also have the unique opportunity to contribute towards small and medium-sized projects that will play an essential role in bringing connectivity and upliftment to the continent's widely scattered communities.

The aspect of financing energy project development will take centre stage at the upcoming Africa Energy Indaba CEO Roundtable as a key discussion topic. Energy CEOs invested in or affected by the energy landscape, be it directly or indirectly, will gain considerable insight from attending this invaluable, prevalent and thought-provoking dialogue. The [Africa Energy Indaba](#), has continued on its growth trajectory and remains Africa's most prestigious energy event and has demonstrated impactful initiatives in fostering significant business liaisons, forging gateways for industry stakeholders into new markets and exploring challenges and opportunities to promote innovation in energy operations.

Ends

For media enquiries, please contact:

Qondakuhle Dwangu on q@siyenzaevents.co.za or 011 463-9184 / 064 118 1232

Email : q@siyenzaevents.co.za

Website : <https://africaenergyindaba.com>

LinkedIn : <https://www.linkedin.com/company/africaenergyindaba/>

Twitter : <https://twitter.com/EnergyIndaba>

Facebook : <https://www.facebook.com/africaenergyindaba>